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DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

November 27, 2013

Frank Filas
Energy Fuels Resources Corporation
225 Union Blvd., Suite 600
Lakewood, Colorado 80228

Subject: Deficient Application to Revise a Notice of Intention to Commence Small Mining Operations, Energy Fuels Resources (USA), Sage Mine, S/037/0058, San Juan County, Utah

Dear Mr. Filas:

The Division of Oil, Gas and Mining has reviewed the referenced application to revise a Notice of Intention to Commence Small Mining Operations (NOI) received November 15, 2013, and the following items will need to be addressed before the revised NOI can be determined complete:

1. **Section II, Project Location and Maps, Items 3.b.i., Operations Map:** Please provide a revised operations map that identifies the area to be disturbed to include the water treatment plant proposed in the exploration permit.
2. **Section III, Operation Plan, Item 4:** The purpose of the monitoring wells is to monitor any potential groundwater impacts from a water treatment plant that was described in the monitoring well exploration permit. This treatment plant, as shown in the exploration permit, is supposed to treat water removed from the mine prior to discharging into the ephemeral stream channel that eventually discharges into the Dolores River. Please answer this item and provide any required additional information. An industrial discharge permit will likely be required by the Utah Department of Environmental Quality prior to conducting any such discharges.
3. **Section III, Operation Plan, Item 8:** The latest submittal for a revised NOI provides a total disturbed acreage at 4.1 acres. This estimate includes the areas where the powder and primer storage magazines are located, as well as the monitoring wells that are requested to be included in this permit. However, the Division recalculated the disturbed acreage taken from measurements of Figure 3 of the well permit, and combining the water treatment plant area, the mine



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disturbance, the vent shaft disturbance, and the powder and primer magazine disturbances included with the latest submittal, the estimated disturbed area is 4.5 acres. Please revise the disturbed area acreage on Figure 3 of the submittal to include the water treatment plant.

4. **Section VI, Surety:** The surety for this mine was due for escalation in August 2012. Based on the need for scheduled surety escalation, and using the revised acreage above, the surety amount needs to be escalated from \$20,800.00 to

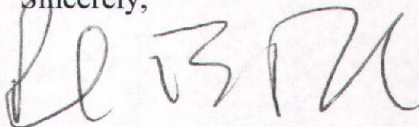
- 1) **\$30,200.00** for a 3-year escalation, or
- 2) **\$30,900.00** for a 5-year escalation.

These figures include the monitoring wells and water treatment plant areas, as well as the revised acreage shown in Figure 3 of the current submittal. The amounts currently held by Aspen American Insurance Company are \$20,800 for the Sage Mine and \$15,640 for the monitoring well exploration permit, for a total amount of \$36,440.00. This would leave a current surplus of \$6,240 for a 3-yr escalation, or \$5,540.00 for a 5-yr escalation. Please contact Penny Berry at 801-538-5291 or by e mail at pennyberry@utah.gov for information about changing the surety.

Please provide your response as replacement pages to the original NOI, using Form MR-REV-SMO/EXP, available on the Division's web site at www.ogm.utah.gov

Please call Mike Bradley at 801-538-5332 or me at 801-538-5261 if you have any questions regarding this letter. In reply, please refer to file number S/037/0058. Thank you for your cooperation.

Sincerely,



Paul B. Baker
Minerals Program Manager